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From:

Sent: Tuesday, July 20, 2010 9:04:02 AM

To:

Cc:

Subject: RE: QSubs: Small Partnership exception and TMP questions

I agree completely with your analysis that a Qsub, in effect a disregarded entity, constitutes a pass-thru partner and thus disqualifies the partnership from the small partnership exception to TEFRA under Rev. Rul.2004-88. I also agree that it can be designated as TMP assuming that, at least under state law, it constitutes a separate entity. The deemed liquidation of the Qsubs when the S corp election was made should have no effect on the TMP designation both because it occurred before the TMP designation was made and because only a state law dissolution would terminate a TMP designation.